Frequently Asked Questions (FAQ)

LOUISIANA HOUSING CORPORATION (LHC)

Community Housing Development HOME Set Aside Initiative

RELEASE DATE: May 11, 2016

1. **This NOFA is titled as a CHDO Set-Aside NOFA but qualifying criteria is not given. Can anyone apply? Can an entity designated as a CHDO by another PJ apply?**

A: No. As stated on page one paragraph 5, "The INITIATIVE is expected to address a portion of the unmet housing needs of the state Community Housing Development Organizations (CHDOs) interested in undertaking CHDO projects of affordable rental housing development or homeownership across the state." Therefore, only LHC-certified CHDOs are eligible to apply under this Initiative. Consistent with a formal policy previously adopted by the LHC Board, in order to be eligible under any CHDO funding announcement, a CHDO must have submitted its application to be certified as a CHDO to the LHC for approval at least 60 days prior to the announcement of a funding round.

2. **Projects previously awarded financing by LHC that are currently incomplete. We currently have a project that is in progress... so does this mean we cannot apply? I was under the understanding after the phone conference that if you have a project it can't be an add-on but a new project is this true?**

A: Projects that are currently underway are ineligible. A different phase of the project is allowed. A different phase would be under separate funding, constructions contracts, and deed restrictions.

3. **Page 1. "Non-entitlement areas." Please confirm that communities in Lafayette Parish, but outside Lafayette City limits, qualify for "non-entitlement" preference.**

A: Lafayette has a consolidated form of government. Under this type of government the City of Lafayette and all of the unincorporated areas in the parish are counted in the entitlement area. The other incorporated portions of Lafayette Parish (Scott, Carencro and Broussard) are outside of the entitlement area.

4. **Is there a per project limit on the $4 Million for HOME Funds for CHDOs? It doesn't appear to be listed in the NOFA.**

A: There is no per project limit; however, LHC underwriting, as required by the United States Department of Housing and Urban Development (HUD), will check to make certain that the applicant is maximizing private financing and is requesting only the amount of HOME funds necessary to fill any gap that remains after the private funding is provided.

5. **Match: What are EXAMPLES of eligible sources that qualify as a match under the HOME program? What HUD notice or regulation is this requirement? What is an example of a match that is not eligible?**

A: The regulations that cover forms of eligible match are in the HOME regulations at 24 CFR 92.220. Generally, the match contribution must be a gift or grant to the project and must not originate from a federal source or from a party with an interest in the project, such as the owner or developer. An example of an allowed governmental contribution of match would be the waiving of a sewer impact fee or building permit fee. Additional forms of governmental match could be the construction of the infrastructure for the project, such as a street that serves the project if the cost of the street is paid for with nonfederal funds. Another form of match would be an Affordable Housing Program (AHP) grant from the Federal Home Loan Bank. If the development recognizes this as a grant to the project, then the assistance is considered as a dollar-for-dollar match contribution. If the AHP assistance is recognized by the development as a loan, the savings in interest cost between the AHP loan and the market rate loan is recognized as the match contribution. Other forms of match include donated land when the land is donated expressly for the construction of affordable housing, volunteer unskilled labor, (such as sweat equity in a Habitat for Humanity project, and valued at $10 per hour), and donated professional services such as architect fees, legal fees, etc. These may be recognized at the fair market value that the professional normally charges but cannot be used if it is only a reduction in fees but rather must be wholly-donated. The regulations cited above goes into greater detail.

6. **What is an example of obtaining discretionary public land use approvals? What is the example for new construction? What is an example for rehab?**

A: This refers to having appropriate zoning for the project proposed. It applies to both new construction and rehab projects. Example of which are: current zoning maps with the explanation of current zoning classifications or a letter from the zoning body that the proper zoning is in place.

7. **Affordability: What if the project has project-based vouchers and targets families at 30% area median income? Would the project get 10 points because it is below the 59% area median income targeting? This section seems to suggest income ranges under 80% and awards more points the deeper the targeting.**

A: 10 points are awarded for projects that are affordable to households serving 59% - and lower area median income. No points will be awarded for projects that target above 80% AMI (projects that target exclusively above 80% AMI household will not be funded as that would be in violation of the HOME Program rules.)

8. **The application indicates invalid input when I enter a number greater than $750,000 on line 30 of the eligibility tab. I thought there was no per-project limit for this application.**

A: You are correct there is no per project limit for this particular initiative. You may ignore this red flag.

9. **A CHDO with development experience has been approached by a local nonprofit with little development experience. The CHDO is amenable to partnering with the local nonprofit to rehabilitate single-family scattered-site rental housing, but not to the CHDO's owning it. Can the local nonprofit obtain the property or at least an option on the property and sign a Development Services Agreement with the CHDO to develop the property, to be owned by the local nonprofit non-CHDO development? Or must the CHDO actually take title to the property, renovate it, and then convey it; if the latter, before agreeing to do the work, can the CHDO require the local nonprofit commit to acquire the property at a fixed price post rehab?**

A: To be eligible under the CHDO Set-Aside Initiative the applicant must be the CHDO and the CHDO must hold title to the property. The CHDO would also have to have a binding agreement to turn over the rental property to the other nonprofit in which the other nonprofit would assume all of the responsibilities of the CHDO, including repayment of the loan, and long-term affordability enforced through deed restrictions, etc.

10. **May we assume the Construction/Rehab Tab of your rental spreadsheet Application is accurate with respect to your underwriting for Developer Fee limits, Contractors Overhead, General Requirements, and Profits?**

A: Yes.

11. **Is there a higher exception for Developer Fees involving Scattered Site single family rental rehab projects involving far more work per dollar hard cost (e.g., site control, multiple CNAs, unknowns, lower Rehab Costs against which 15%/18% Developer Fees are ordinarily calculated) than new construction?**

A: As with all underwriting issues, if there is not a specific reference to particular limits in the NOFA the LHC will default to the QAP. You may refer to that document for allowable developer's fees.

12. **What is the difference between a HOME NOFA and a HOME CHDO Set Aside, and how does this Initiative differ from past practices where anyone could apply for HOME funds?**

A: See response to Question 1.

13. **Some of us can adjust development size depending on available HOME funds versus preliminary site submissions. Can your FAQs perhaps offer some insight so that we can determine whether to scale up or scale down our project applications?**

A: Due to this being a competitive funding round the LHC is unable to allow adjustments to the projects application post preliminary site submission.

14. Spreadsheet 15 year pro forma apparently doesn't have 2% income/3% expense assumption built in.

A: LHC has checked the proforma and does not see any inconsistency with assumptions.